# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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#### April 20, 2015

**To**: Governor Sam Brownback and Legislative Budget Committee

**From**: Kansas Legislative Research Department and Kansas Division of the Budget

Re: State General Fund Revenue Estimate for FY 2015, FY 2016, and FY 2017

The Consensus Estimating Group met today to revise the November 10, 2014 State General Fund estimates for FY 2015, FY 2016, and FY 2017. The revisions include the estimated impact of all 2015 legislation signed into law thus far. The impact of legislation affecting the SGF that becomes law after April 20 will be quantified in a separate legislative adjustments report prepared at the conclusion of the *sine die* adjournment. A more detailed memo will be available later this week which contains the economic forecast for Kansas upon which the new estimates are based, as well as a discussion of the other factors influencing the individual source estimates.

The overall estimate for FY 2015, FY 2016, and FY 2017 was decreased by a combined \$42.0 million.

For FY 2015, the estimate was increased by \$157.0 million, or 2.7 percent, above the November estimate. The estimate for total taxes was decreased by \$87.5 million, while the estimate for other revenues was increased by \$244.5 million. The change in other revenues was heavily influenced by the enactment of House Sub. for SB 4 (the rescission bill), which included transfer adjustments of \$243.6 million. The overall revised estimate of \$5.926 billion represents a 4.8 percent increase above final FY 2014 receipts.

The revised estimate for FY 2016 of \$5.713 billion was decreased by \$98.2 million below the November estimate. The estimate for total taxes was decreased by \$99.6 million, while the estimate for other revenues was increased by \$1.4 million. The revised forecast for FY 2016 represents a 3.6 percent decrease below the newly revised FY 2015 figure.

For FY 2017, the estimate was decreased by \$100.8 million, or 1.7 percent, below the November estimate. The estimate for total taxes was decreased by \$88.4 million, while the estimate for other revenues was decreased by \$12.4 million. The revised forecast for FY 2017 represents a 1.1 percent increase above the newly revised FY 2016 figure.

Table 1 compares the new FY 2015, FY 2016, and FY 2017 estimates with actual receipts from FY 2014. Tables 2, 3, and 4 show the revisions in each fiscal year's estimates.

Table 1
State General Fund Receipts
(Dollars in Thousands)

				Co	onsensus Estimat	e April 20, 20	)15		
	FY 2014 (A	Actual)	FY 2015 (R	Revised)	FY 2016 (Revised) FY 2017 (Revised)				
		Percent		Percent		Percent		Percent	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	
Property Tax/Fee:									
Motor Carrier	\$ 35,708	23.8 %	\$ 11,000	(69.2) %	\$ 11,000	%	\$ 11,000	%	
Income Taxes:									
Individual	\$ 2,218,239	(24.3) %	\$ 2,280,000	2.8 %	\$ 2,300,000	0.9 %	\$ 2,315,000	0.7 %	
Corporation	399,383	7.6	425,000	6.4	440,000	3.5	455,000	3.4	
Financial Inst.	32,439	1.1	42,000	29.5	44,000	4.8	46,000	4.5	
Total	\$ 2,650,061	(20.5) %	\$ 2,747,000	3.7 %	\$ 2,784,000	1.3 %	\$ 2,816,000	1.1 %	
Excise Taxes:									
Retail Sales	\$ 2,102,239	(3.8) %	\$ 2,150,000	2.3 %	\$ 2,240,000	4.2 %	\$ 2,330,000	4.0 %	
Compensating Use	344,017	1.2	355,000	3.2	370,000	4.2	390,000	5.4	
Cigarette	90,612	(1.4)	89,000	(1.8)	88,000	(1.1)	87,000	(1.1)	
Tobacco Products	7,201	2.0	7,500	4.2	7,700	2.7	7,900	2.6	
Cereal Malt Bev.	1,685	(9.2)	1,600	(5.1)	1,600		1,600		
Liquor Gallonage	19,081	0.1	19,000	(0.4)	19,100	0.5	19,200	0.5	
Liquor Enforcement	64,538	6.7	66,500	3.0	67,500	1.5	68,500	1.5	
Liquor Drink	10,155	3.6	10,600	4.4	10,700	0.9	10,800	0.9	
Corp. Franchise	6,632	259.1	6,900	4.0	7,100	2.9	7,300	2.8	
Severance	125,758	25.6	96,600	(23.2)	73,800	(23.6)	81,300	10.2	
Gas	37,003	14.1	27,800	(24.9)	16,900	(39.2)	18,900	11.8	
Oil	88,755	31.1	68,800	(22.5)	56,900	(17.3)	62,400	9.7	
Total	\$ 2,771,918	(1.4) %	\$ 2,802,700	1.1 %	\$ 2,885,500	3.0 %	\$ 3,003,600	4.1 %	
Other Taxes:									
Insurance Prem.	\$ 172,758	10.1 %	\$ 181,000	4.8 %	\$ 189,000	4.4 %	\$ 193,000	2.1 %	
Miscellaneous	1,634	(18.7)	1,500	(8.2)	1,500		1,500		
Total	\$ 174,392	9.7 %	\$ 182,500	4.6 %	\$ 190,500	4.4 %	\$ 194,500	2.1 %	
Total Taxes	\$ 5,632,080	(11.1) %	\$ 5,743,200	2.0 %	\$ 5,871,000	2.2 %	\$ 6,025,100	2.6 %	
Other Revenues:									
Interest	\$ 11,525	4.2 %	\$ 12,000	4.1 %	\$ 17,800	48.3 %	\$ 8,600	(51.7) %	
Net Transfers	(39,957)	34.5	114,000	385.3	(232,680)	(304.1)	(316,300)	(35.9)	
Agency Earnings	49,550	(14.4)	56,500	14.0	57,100	1.1	58,400	2.3	
Total	\$ 21,117	166.4 %	\$ 182,500	764.2 %	\$ (157,780)	(186.5) %	\$ (249,300)	(58.0) %	
Total Receipts	\$ 5,653,197	(10.8) %	\$ 5,925,700	4.8 %	\$ 5,713,220	(3.6) %	\$ 5,775,800	1.1 %	

Table 2
State General Fund Receipts
FY 2015 Revised

# Comparison of April 2015 Estimate to November 2014 Estimate

(Dollars in Thousands)

	FY 2015 CRE Est.		FY 2015 CRE Est.		Difference			
	Rev	ised 11/10/14	Rev	vised 04/20/15		Amount	Pct. Chg.	
Property Tax/Fee:								
Motor Carrier	\$	12,000	\$	11,000	\$	(1,000)	(8.3) %	
Income Taxes:								
Individual	\$	2,280,000	\$	2,280,000	\$		%	
Corporation		455,000		425,000		(30,000)	(6.6)	
Financial Inst.		38,000		42,000		4,000	10.5	
Total	\$	2,773,000	\$	2,747,000	\$	(26,000)	(0.9) %	
Excise Taxes:								
Retail Sales	\$	2,180,000	\$	2,150,000	\$	(30,000)	(1.4) %	
Compensating Use		365,000		355,000		(10,000)	(2.7)	
Cigarette		89,000		89,000				
Tobacco Product		7,500		7,500				
Cereal Malt Beverage		1,700		1,600		(100)	(5.9)	
Liquor Gallonage		19,200		19,000		(200)	(1.0)	
Liquor Enforcement		67,000		66,500		(500)	(0.7)	
Liquor Drink		10,400		10,600		200	1.9	
Corporate Franchise		6,700		6,900		200	3.0	
Severance		121,600		96,600		(25,000)	(20.6)	
Gas		32,600		27,800		(4,800)	(14.7)	
Oil		89,000		68,800		(20,200)	(22.7)	
Total	\$	2,868,100	\$	2,802,700	\$	(65,400)	(2.3) %	
Other Taxes:								
Insurance Premium	\$	176,000	\$	181,000	\$	5,000	2.8 %	
Miscellaneous		1,600		1,500		(100)	(6.3)	
Total	\$	177,600	\$	182,500	\$	4,900	2.8 %	
Total Taxes	\$	5,830,700	\$	5,743,200	\$	(87,500)	(1.5) %	
Other Revenues:								
Interest	\$	12,000	\$	12,000	\$		%	
Net Transfers		(129,300)		114,000		243,300	188.2	
Agency Earnings		55,300		56,500		1,200	2.2	
Total Other Revenue	\$	(62,000)	\$	182,500	\$	244,500	394.4 %	
Total Receipts	\$	5,768,700	\$	5,925,700	\$	157,000	2.7 %	

Table 3
State General Fund Receipts
FY 2016 Revised

## Comparison of April 2015 Estimate to November 2014 Estimate

(Dollars in Thousands)

	FY 2016 CRE Est.		FY 2016 CRE Est.		Difference			
	Rev	rised 11/10/14	Rev	vised 04/20/15		Amount	Pct. Chg.	
Property Tax/Fee:								
Motor Carrier	\$	12,000	\$	11,000	\$	(1,000)	(8.3) %	
Income Taxes:								
Individual	\$	2,300,000	\$	2,300,000	\$		%	
Corporation		470,000		440,000		(30,000)	(6.4)	
Financial Inst.		39,000		44,000		5,000	12.8	
Total	\$	2,809,000	\$	2,784,000	\$	(25,000)	(0.9) %	
Excise Taxes:								
Retail Sales	\$	2,270,000	\$	2,240,000	\$	(30,000)	(1.3) %	
Compensating Use		380,000		370,000		(10,000)	(2.6)	
Cigarette		88,000		88,000				
Tobacco Product		7,700		7,700				
Cereal Malt Beverage		1,700		1,600		(100)	(5.9)	
Liquor Gallonage		19,300		19,100		(200)	(1.0)	
Liquor Enforcement		68,000		67,500		(500)	(0.7)	
Liquor Drink		10,500		10,700		200	1.9	
Corporate Franchise		6,900		7,100		200	2.9	
Severance		115,900		73,800		(42,100)	(36.3)	
Gas		31,400		16,900		(14,500)	(46.2)	
Oil		84,500		56,900		(27,600)	(32.7)	
Total	\$	2,968,000	\$	2,885,500	\$	(82,500)	(2.8) %	
Other Taxes:								
Insurance Premium	\$	180,000	\$	189,000	\$	9,000	5.0 %	
Miscellaneous		1,600		1,500		(100)	(6.3)	
Total	\$	181,600	\$	190,500	\$	8,900	4.9 %	
Total Taxes	\$	5,970,600	\$	5,871,000	\$	(99,600)	(1.7) %	
Other Revenues:								
Interest	\$	8,000	\$	17,800	\$	9,800	122.5 %	
Net Transfers		(222,500)		(232,680)		(10,180)	(4.6)	
Agency Earnings		55,300		57,100		1,800	3.3	
Total Other Revenue	\$	(159,200)	\$	(157,780)	\$	1,420	0.9 %	
Total Receipts	\$	5,811,400	\$	5,713,220	\$	(98,180)	(1.7) %	

Table 4
State General Fund Receipts
FY 2017 Revised

## Comparison of April 2015 Estimate to November 2014 Estimate

(Dollars in Thousands)

	FY 2017 CRE Est.		FY 2017 CRE Est.		Difference			
	Rev	rised 11/10/14	Rev	vised 04/20/15		Amount	Pct. Chg.	
Property Tax/Fee:								
Motor Carrier	\$	12,000	\$	11,000	\$	(1,000)	(8.3) %	
Income Taxes:								
Individual	\$	2,315,000	\$	2,315,000	\$		%	
Corporation		485,000		455,000		(30,000)	(6.2)	
Financial Inst.		41,000		46,000		5,000	12.2	
Total	\$	2,841,000	\$	2,816,000	\$	(25,000)	(0.9) %	
Excise Taxes:								
Retail Sales	\$	2,360,000	\$	2,330,000	\$	(30,000)	(1.3) %	
Compensating Use		400,000		390,000		(10,000)	(2.5)	
Cigarette		87,000		87,000				
Tobacco Product		7,900		7,900				
Cereal Malt Beverage		1,700		1,600		(100)	(5.9)	
Liquor Gallonage		19,400		19,200		(200)	(1.0)	
Liquor Enforcement		69,000		68,500		(500)	(0.7)	
Liquor Drink		10,600		10,800		200	1.9	
Corporate Franchise		7,100		7,300		200	2.8	
Severance		114,200		81,300		(32,900)	(28.8)	
Gas		28,700		18,900		(9,800)	(34.1)	
Oil		85,500		62,400		(23,100)	(27.0)	
Total	\$	3,076,900	\$	3,003,600	\$	(73,300)	(2.4) %	
Other Taxes:								
Insurance Premium	\$	182,000	\$	193,000	\$	11,000	6.0 %	
Miscellaneous		1,600		1,500		(100)	(6.3)	
Total	\$	183,600	\$	194,500	\$	10,900	5.9 %	
Total Taxes	\$	6,113,500	\$	6,025,100	\$	(88,400)	(1.4) %	
Other Revenues:								
Interest	\$	8,100	\$	8,600	\$	500	6.2 %	
Net Transfers		(301,700)		(316,300)		(14,600)	(4.8)	
Agency Earnings		56,700		58,400		1,700	3.0	
Total Other Revenue	\$	(236,900)	\$	(249,300)	\$	(12,400)	(5.2) %	
Total Receipts	\$	5,876,600	\$	5,775,800	\$	(100,800)	(1.7) %	